

Internal Control Officer Certification to Department Directors

Dear (Department Director):

I have directed an evaluation of the internal control system of the Department of _____ in effect during the two-year period ending September 30, _____, as required by Act 431 of 1984, as amended.

Objectives of the internal control system of the department are to provide reasonable assurance that measures are being used to:

- Develop reliable financial reports.
- Promote effective and efficient operations, including the safeguarding of State assets.
- Encourage compliance with applicable laws, rules, and regulations (including prescribed managerial policies regarding financial-related activities, budgetary controls, and others).

I recognize the limitations that exist within any internal control system, as detailed in the General Framework issued by the Office of the State Budget, in consultation with the Auditor General.

Results of the evaluation, assurances given by appropriate department staff and other information provided indicate that the internal control system complies with the requirement to provide reasonable assurance that the above-mentioned objectives were achieved, within the limits referenced above. *Results of the evaluation, however, did discover the following material weaknesses (delete this sentence if not applicable):*

(List of Material Weaknesses)

I confirm to the best of my knowledge and belief the following representations concerning the Department's evaluation and biennial reporting processes. If any of the following tasks were not part of the Department's processes, I included a narrative to explain the omission, described alternative activities we conducted, and/or included an action plan for including the task in the future.

Planning an evaluation

The Department established appropriate timelines to ensure the necessary evaluations are completed during the biennial period and that the corresponding report was prepared by May 1, 2007.

The Department designated key management to monitor the internal control evaluation processes and subsequent biennial reporting.

The Department established procedures/instructions for staff to follow regarding the various stages of the evaluation and reporting processes.

The Department was segmented into activities (programs, processes, IT systems, contracts, organizational units, or specific initiatives) and subjected to a structured risk assessment process, to identify those activities that are “high”, “medium,” or “low” risk to the Department in meeting its overall mission and underlying goals and objectives.

The Department reviewed the prior biennial internal control evaluation report and the corrective action plans, and considered the impact any outstanding issues may have on the current biennial report.

The Department reviewed OAG audit reports and other reviews of departmental activities/programs to ensure reported weaknesses were evaluated and mitigated during the current review.

Conducting an evaluation

The Department completed evaluations of the five interrelated components of a sound internal control system:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

The internal control evaluation worksheets and/or tools used by the Department were sufficient to allow for a reasonable assessment of the internal control components.

The Department ensured that the administrator(s)/manager(s) responsible for each activity/program evaluated had reviewed and certified their evaluations.

Appropriate Department management reviewed the evaluation workpapers and concurred with the classification of any control deficiencies as either material or a reportable condition.

All documents related to the Department's evaluations and report were made available to the Department's Internal Auditor.

Preparing the biennial report

I acknowledge that it is the Department management's responsibility to establish and maintain an effective internal control system.

The Department implemented and maintained appropriate budgetary controls to ensure that spending remained within our budget, *except as noted: (delete if not applicable.)*

An attachment to this certification contains the Department's plans and timeline for correcting material weaknesses noted during the evaluation period and the status of actions taken to correct material weaknesses noted in prior years' reports. *(delete if not applicable.)* Also, the Department developed corrective action plans and a timeline to address other non-material weaknesses for which management agreed action was necessary.

Based on my overall review of the Department's evaluation efforts, including the evaluations of specific activities/programs and reviews of other key internal control components, the conclusions reached, as stated in the biennial report to the Governor, are adequately supported, *except as noted: (delete if not applicable.)*

(Signature, Internal Control Officer)

Date